ARKANSAS OIL AND GAS COMMISSION

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October 25, 2018

The Honorable Mark Martin Secretary of State State Capitol Bldg. Room 026 Little Rock, AR 72204-1094

RE: Rules and Regulation Review Process

Dear Secretary Martin:

Enclosed, please find the repeal of General Rule, A1 Application of Rules, Regulations, and Orders; General Rule B-14 Surface Equipment; General Rule B-24 Chokes; General Rule B-39 Pre-Hearing Conference Required for Proposed Field-Wide Unitizations; General Rule C-3 Reservoir Surveys; General Rule C-4 Operators to Assist in Reservoir Surveys; General Rule C-8 Fluid Repressuring and Water Flooding of Oil & Gas Properties; General Rule C-9 Pressure Maintenance or Repressuring with Gas of Oil & Gas Properties; General Rule D-10 Gas-Oil Ratio Surveys and Reports; General Rule D-12 Gas Utilization; and General Rule F-1 General Order.

These rules have been repealed in accordance with Act 781 of 2017.

Should you have further questions, please feel free to contact our office at 501-683-5814.

Sincerely,

Shane Khoury

Deputy Director/General Counsel

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Enclosure

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COMMISSION MEMBERS

Chad White, Chairman, Magnolia
W. Frank Morledge, Vice-Chairman, Forrest City
Mike Davis, Magnolia • William L. Dawkins, Jr., Fort Smith
Jerry Langley, Smackover • Chris Weiser, Magnolia
Jim Phillips, Smackover • George Carder, Searcy
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RULE C-9: PRESSURE MAINTENANCE OR REPRESSURING WITH GAS OF OIL AND GAS PROPERTIES

A. Application and Approval

The owner or operator of any well may inject gas under pressure into the formation containing oil or gas for the purpose of obtaining oil or gas from the reservoir, upon application to and approval by the Commission.

B. Casing and Cement

Wells used for the injection of gas into the producing formation or repressuring wells shall be cased with sound casing-so as not to permit leakage and the casing cemented in such manner that damage will not be caused to any oil, gas or fresh water resources. Newly constructed wells shall be completed as follows:

- 1. Set and cement surface casing 250 feet below the lowermost USDW and cement the long string casing for at least 250 feet above the injection zone.
- 2. Set and cement surface easing through the base of the fresh water and cement the long string easing back to the surface.

The mechanical integrity of each new injection well shall be established by pressure testing or such other method as the Commission first approves and the mechanical integrity of each injection well shall be retested periodically thereafter at least every five (5) years.

C. Application, Contents, Notice, Objection, Hearing, and Approval

- 1. No-gas shall be injected into a well for pressure maintenance or repressuring purposes until so ordered by the Commission pursuant to application, and notice as herein required.
- 2. The application shall be verified and filed with the Commission showing:
 - (a) the location of the Intake Well
 - (b) the location of all oil and gas wells including abandoned and drilling wells and dry holes, and the names of land owners and lessees within one-half mile of the Intake Well;
 - (c) the formations from which wells are producing or have produced;
 - (d) the name, description and depth of the formations to be repressured;
 - (e) the open hole depths of each formation to be repressured;
 - (f) the elevations of the top of the oil or gas bearing formation in the Intake Well and the wells producing from the same formation within a one half mile radius of the Intake Well;
 - (g)-the log of the Intake Well or such information as is available;
 - (h) descriptions of the Intake Well casing;

- (i) descriptions of the gas, stating the kind, where obtained and the estimated amounts to be injected daily;
- (j) the names and addresses of the operators;
- (k)-each application shall be accompanied by evidence satisfactory to the Commission of the financial responsibility of the applicant to plug and abandon the injection well or wells by the method and procedure required by the Commission or the applicant shall be required to furnish a good and sufficient bond therefor in an amount to be determined by the Commission but not to exceed the principal sum of One Hundred Thousand and No/100 Dollars (\$100,000.00) conditioned upon the performance of such duty to plug each well to be abandoned;
- (l) such other information as the Commission may require to ascertain whether the repressuring may be safely and legally made.
- 3. Applications may be made to include the use of more than one Intake Well on the same lease or on-more than one lease.
- 1. Applications shall be executed by all operators who are to participate in the proposed repressuring plan.
- 2. Notice of the application shall be given by the applicant by one (1) publication in a legal newspaper having a general circulation in the county, or in each county, if there shall be more than one, in which the lands embraced within the application are situated, and by mailing or delivering a copy of the application of each operator of producing and drilling wells within a one-half mile radius of the proposed disposal well. Such notice shall be published, mailed or delivered at least ten (10) days, but not more than thirty (30) days, prior to the date on which the application is mailed to or filed with the Commission. The cost of such publication shall be paid for by the applicant therein.
- 3. Objections or complaints, stating the reasons why the proposed plan as contained in the application may cause damage to oil, gas, or fresh water resources must be filed within ten days after the application is filed.
- 4. In the event any such objection or complaint is filed or the Commission on its own motion deems that there should be a hearing on the application, a hearing shall be had after reasonable notice of the time, place and subject matter of such hearing has been given to the parties in interest.
- 5. Orders approving the repressuring will not be made within ten days of the filing of the application unless the written consent of all persons entitled to notice is filed with the Commission within such time.
- D. Notice of Commencement and Discontinuance of Repressuring Operations
 - 1. Immediately-upon the commencement-of repressuring operations, the applicant-shall notify the Commission of the same and the date of commencement.
 - 2. Within ten days after the discontinuance of repressuring operations the applicant-or the-one in charge thereof shall notify the Commission of the date of such discontinuance and the reasons therefor.

3.—Before any Intake Well shall be abandoned, notice shall be served on the Commission and the same procedure shall be followed in the plugging of such well as providing for the plugging of oil and gas wells.

E. Records

The owner or operator of an Intake Well shall keep an accurate record of the amount of gas injected into the Intake Well and such information shall be made available to the Commission or its agents.

F. Individual Cases

The Commission will make such special orders, rules and regulations for the individual-case as the conditions may justify.